

Utah Committee of Consumer Services

Your Residential and Small Commercial Utility Consumer Advocate

Quarterly Newsletter

Utah Department of Commerce

Thirty Years of Advocating for Utah's Small Utility Consumers



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The Committee of Consumer Services celebrates its 30th year anniversary as the sole state agency advocating for residential and small business customers of investor-owned electric, natural gas, and telephone utilities.

In 1977, the Committee was created by the Utah Legislature in the midst of a national energy crisis. While the utility companies as well as in-

dustrial customers had long been active participants in cases at the

**30 Years of
Consumer
Advocacy**

**3  YEARS
1977—2007**

Public Service Commission of Utah in order to

protect their interests, residents and small business owners needed an official voice. As a result, the Committee was established as Utah's small consumer advocate. The need for the Committee is stronger than ever as it advocates for affordable, quality utility services. Its steadfast efforts to achieve benefits for consumers have been and remain the agency's top priority.

Committee Welcomes New Director Michele Beck

On November 14, 2006 the Committee voted unanimously to concur with Governor Huntsman's selection of Michele Beck as the new Committee director.

Michele has extensive background both as a consumer advocate and

professional in the electric industry. She has five years experience as an advocate for the public interest at the Minnesota Department of Commerce and five years experience working at a large generation and transmission electric cooperative. She

leaves Xcel Energy, where she served as a resource planning analyst.



Dir. Michele Beck

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Energy Efficiency and Conservation Measures

In October 2006, Governor Huntsman declared October 2006 as Energy Awareness Month as part of his ongoing effort to encourage more Utahns to be energy conscious and adopt energy efficiency and conservation measures. With this challenge in mind, below are some powerful tips to help you get started now.

- Turn off unnecessary lighting, consider installing timers, photo cells, or occupancy sensors to reduce the amount of time your lights are on.
- Use compact fluorescent

bulbs (CFL). CFLs are four times more energy efficient than incandescent bulbs and provide the same lighting.



- When shopping for new light fixtures, consider buying dedicated compact fluorescent fixtures with built-in ballasts that use pin-based replacement bulbs.
- Consider three-way lamps. They make it easier to keep lighting levels low when bright light is not necessary.



Natural Gas Conservation

- Questar Gas will launch its new energy conservation programs in mid-February. One of its programs includes an "in-home audit." Questar will charge \$25 per dwelling unit for an in-home audit which will be refunded to the customer upon implementation of any Company recommended energy-efficiency measures related to Company-sponsored incentive programs. More information available soon at: www.questargas.com.

Renewable Energy Resources - Wind Power

Over the last year, wind power in Utah has attracted much attention as an emerging source of power. Electricity from wind is generated by turning two or three propeller-like blades around a rotor that is connected to a tower and spins a generator. This unit is called a turbine. Wind turbines are usually mounted on a tower at 100 feet or more above ground so they can take advantage of faster and less turbulent wind.

The most economical use of wind turbines is when they are situated in groups called "wind power plants" or "wind farms." Many wind farms are con-

structed on or near land typically used for agriculture, allowing the turbines to generate electricity while agricultural use continues undisturbed. Wind



plants can range in size from a few megawatts to hundreds of

megawatts in capacity depending on whether they are producing electricity for a single home, a number of buildings or sending electricity to a grid for widespread distribution. Annually, between 2.4 million and 3 million kilowatt-hours are generated for every megawatt of wind energy. Therefore, a megawatt of wind generates about as much electricity as 240 to 300 households use on average.

In the last decade, the cost of wind power has dropped substantially making it a competitive resource. Three commercial wind farms are planned to be operating in Utah by 2008.

30th Anniversary Highlight (1977-2007): Wexpro Agreement Continues to Benefit Questar Gas Customers

Have you wondered why Utah's natural gas prices are among the lowest in the United States?

Utah's cheaper natural gas prices can be partially attributed to the 1981 Wexpro agreement, which the Utah Committee of Consumer Services was instrumental in securing. The agreement ensured that Utahns would benefit from the Questar Gas Company-owned wells priced at cost-of-service, not market price.

The basis for the Wexpro agreement dates back to 1922 when an exploration and production predecessor, from which Questar Gas Co. was eventually formed, discovered natural gas in Wyoming. In 1935, several

companies consolidated to form Mountain Fuel Supply Co. During the late 1970s, a debate ensued over who technically owned the resources. Mountain Fuel's shareholders expected a return on their investment in wells, while the Committee believed gas bill revenues financed the resources.

The Committee argued that ratepayers shared in the financial risk and took the case to the Utah Supreme Court. In August 1981, the parties settled the Wexpro dispute and designated Wexpro to oversee and manage Mountain Fuel's (renamed Questar Gas Co.) oil and gas properties. The agreement entitles Wexpro to a certain after-

tax return on investment and states that customers will pay only the cost-of-service for natural gas production. Today, Wexpro supplies almost 45% of Questar Gas customers' annual needs. The cost-of-service supply is believed to have saved customers about \$1.4 billion in gas costs since 1981.

"We believe that the Wexpro agreement is decreasing the costs to our ratepayers by about 20% [per month]," said Alan Walker, Questar Gas Manager of Gas Supply. "Potentially, we're halfway through the reserves," Walker said when asked if the gas properties have hit peak production. "We may have another 25 years left."

Committee Opposed Customer Charge Increase

On December 1, 2006, the Utah Public Service Commission (Commission) issued an order authorizing PacifiCorp to raise its rates to meet Utah's growing demands. While the Committee agreed the \$115 million rate increase reflected actual costs, it strongly opposed how the Utility wanted to implement it. The Utility wanted to raise the amount it charges its residential customers to read their meters and issue their bills from 98

cents to \$3.40, along with the amount it charges for electricity.

A Committee expert told the Commission that Utah families who use the least amount of electricity would see their bills go up the most percentage-wise. Those who use 400 kilowatts of electricity during the summer months could see an increase of 14.4 percent. While households that use 2,000 or 5,000 kilowatts would only see an increase of 6.7 or 5.6 per-

cent, respectively, under the Utility's proposal.

Committee Chief of Staff Dan Gimble said the Company's proposed rate structure "just sends the wrong price signal to those people who use a lot of electricity in a period when we're trying to encourage energy conservation."

After taking the Committee's position into consideration, the

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Utah! Committee of Consumer Services

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Committee Opposed Customer Charge Increase *(Continued from page 3)*

Commission approved a \$1.02 monthly increase in the customer charge. Instead of paying the Utility's proposed amount of \$3.40, all Residential Schedule 1 customers will now pay a \$2.00 monthly customer charge, with a minimum bill charge of \$3.67.

The Commission also approved an 8.6 percent increase to each energy rate. The energy rate for both the first summer block and the single winter block is 7.5 cents per kilowatt-hour (kWh), the second summer block energy rate is 8.5 cents per kWh and the third summer

block energy rate is 10 cents per kWh.

As a continued incentive for energy conservation, energy rates increase during high demand periods. The new energy rates went into effect Dec. 11, 2006.

PacifiCorp's Energy Rates

<u>Summer Usage</u> (May-Sep)	<u>Rate</u>
Customer Charge	\$2.00
1st Blk (0-399 kWh)	\$.075
2nd Blk (400-999 kWh)	\$.085
3rd Blk (1,000 + kWh)	\$.10
<u>Winter Usage</u> (Oct-Apr)	<u>Rate</u>
Customer Charge	\$2.00
Flat Energy Rate:	\$.075

The Committee of Consumer Services is a Utah state governmental agency that represents the interests of small business owners, farmers and ranchers, and residential consumers of natural gas, electric, and telephone utilities.

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